

# **SOCIO-ECONOMIC DEVELOPMENT OF WOMEN THROUGH SELF HELP GROUPS – A STUDY IN VILLUPURAM DISTRICT , TAMILNADU 605 602**

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## **INTRODUCTION**

A Self Help Group (SHG) is a group of rural poor who have volunteered to organise themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a Common Fund known as the Group corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management. The group formation will keep in view the following broad guidelines: Generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20. The National Bank for Agricultural and Rural Development (NABARD) defines it as a group of 20 or less people from a homogenous class who are willing to come together for addressing their common problems. They make regular savings and use the pooled savings to give interest-bearing loans to their members. The process helps them imbibe the essentials of financial intermediation including prioritisation of needs, setting self-determined terms for repayment, and keeping books and records. It builds financial discipline and credit history that then encourages banks to lend to them in certain multiples of 2 their own savings and without any demand for collateral security. To this, another definition can also be added which stresses the affinity dimension and the need to acquire the 6 organisational characteristics of Vision/Mission, Organisational Management Systems, Organisational Accountability Norms, Financial Management Systems, Learning and Evaluation Systems and Networks and Linkages with other institutions.

Generally all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20 per cent and in exceptional cases, where essentially required, upto a maximum of 30 per cent of the members in a group may be taken from families marginally above the povertyline living contiguously with below poverty line (BPL) families and if they are acceptable to the BPL members of the group. This will help the families of occupational groups like agricultural labourers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. However, the APL members will not be eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The BPL families must actively participate in the management and decision making, which should not ordinarily be entirely in the hands of above poverty line (APL) families. Further, APL members of the Self Help Group shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group.<sup>3</sup> The group should devise a code of conduct (Group management norms) to bind itself. This should be in the form of regular meetings (weekly or fortnightly), functioning in a democratic manner, allowing free exchange of views, participation by the members in the decision making process. The members should build their corpus through regular savings. The group should be able to collect the minimum voluntary saving amount from all the members regularly in the group meetings. The savings so collected will be the group corpus fund.

### **SHGs AND SOCIO-ECONOMIC DEVELOPMENT:**

Poverty represents a negative facet of human development. The state of Tamil Nadu has always recognised the need for, and the value of, financial services to the poor. Financial services can be classified as access to finances and management of finances. Where the poor are concerned, access is tackled through various schemes for BPL households and while the names of such schemes have changed over the years, the core elements have remained the same since the days of the Integrated Rural Development Programme (IRDP), viz. a loan accompanied by a subsidy, that together, amount to a fairly large single-dose infusion of funds to the identified poor families. The management aspect was largely ignored with government functionaries making most of the credit decisions on behalf of the poor. Schemes on offer covered a limited

range of pre-determined investment choices accompanied by inflexible terms and conditions. Yet, there is no reason to believe that the basic reasons why poor people need money are any different – except in matters of detail – from the requirements of the rich. The poor borrow to invest in activities that enable income-generation, to meet societal obligations related to ‘life events’ (births, deaths, weddings, etc.) and to meet emergency needs related to accidents, drought, illness and other such unforeseen contingencies. Cases of loans taken for asset-creation being ‘diverted’ to pay for contingent expenditure occur because financial institutions do not lend for non-asset creation purposes.

There is enough empirical evidence at hand to support the following statements:

1. A single-dose infusion of credit into a poor household – even when worked out on the basis of feasibility studies of economic activities and even if accompanied by a significant subsidy component – is not viable. The poor benefit far more significantly from multiple doses of credit that begin small and grow in volume with each loan cycle. It takes an average of 5 or more loan cycles to graduate from being poor to becoming non-poor.
  
2. The poor need money in amounts, at specific times, and for purposes that make the money materially useful to them. They are competent to make practical financial calculations and take ‘street-smart’ decisions just as well as the betteroff. They may enjoy receiving grants and subsidies but are, at the same time, aware that subsidies are no replacement for a financial system that works.
  
3. The requirements of poor families, of materially useful sums of money, can come in one of several ways, of which, the three most ubiquitous are through
  - (i) savings – where current consumption of money is postponed to yield lump sums at future dates.<sup>5</sup>
  - (ii) loans – where a lump sum is obtained at present in exchange for surrendering future consumption, and
  - (iii) sale of assets – which may either represent a planned process of financial management or be a crisis response.

4. The poor can and do save in a variety of ways. Yet, their poverty compels them to take loans from time to time, which – because of their fragile situations and the alignment of market forces – they may or may not be able to adequately service. What is true is that the moneylender – also represented by landlords, traders, provision shop owners, relatives, Business friends and neighbours, etc. – is their most reliable credit provider, despite the prospect of adverse consequences in the future.

The origin of the self-help group strategy can be traced to recognition of these truths based on a systematic observation of people's coping mechanisms and behaviour in relation to money. However, though money and its management was the starting point of the SHG strategy (the groups were earlier called Credit Management Groups), experience in the facilitation of such groups soon made it obvious that not only did the money in their hands enable the poor to slowly acquire power, but even more, the group strategy itself created spaces and involved processes that transformed SHGs into civil society organizations that empowered members – both individually and collectively – a gestalt, where the organised whole became more than the sum of its parts. This is an important realisation. It can influence the choice between adopting a credit delivery approach that is content with putting some extra money (loans/ subsidies) in the hands of a poor person, and a group-based credit management approach where the processes of managing group funds lead to members taking the lead in the management of the group itself and becomes a means of empowering the poor, especially women, both in the public and private domains.

## **BURDEN OF REFORM**

If Bangladesh's political birth was difficult, institutionalisation of democratic politics has perhaps been even more so, the country having had to carry simultaneously the burdens of political and social reform. Burdens under which it frequently collapsed only to rise up, dust down the most recent failure and slowly move forward to reach a point where today it has a reasonably functional political democracy, even though of late it has appeared fragile, seemingly unable to chart a path from political confrontation to dialogue. In such a politically charged atmosphere, coping with myriad challenges, both natural and man-made, and the lack of

administrative capabilities and delivery mechanisms that Bangladesh started out with were even more keenly felt. This meant that the provision of what are normally regarded as public goods often fell through the cracks. It is this lack and vacuum that the NGOs filled, in a very diverse range of areas, from microcredit to education and from health to agricultural extension, aided in no small measure by reasonably steadfast international donors. If Bangladesh has moved from being an international basket case to a resilient economy, capable of coping with adverse environments and slowly but steadily climbing the human development ladder, some credit should go to its myriad NGO sector. If the NGO sector in general has played a salient role as a delivery mechanism for public goods in the Bangladeshi context, it has raised important questions as well for both the country and development strategy. How sustainable (except for the super-large ones like BRAC and Grameen) is NGO intervention without 9 international donor support? Are the NGOs to be seen purely as delivery mechanisms or are they vehicles of accumulation as well? Does NGO intervention shape in some ways the accumulation process? In the context of democratic, political and economic governance structures how accountable are they? And if they are, who are they accountable to? Is NGO intervention in Bangladesh a particular response to a particular situation or are there generalisable aspects? And if there are, how cost-effective are these? These are questions Bangladesh is slowly beginning to ask itself. Other economies and societies would do well to ask themselves the questions before emulating either the micro-credit strategy or the NGO strategy or both unquestioningly. As the adage goes, only fools rush in where angels fear to tread.

## **RURAL DEVELOPMENT**

Sustainable Aquaculture for Poverty Alleviation: A Strategy for Improving Rural Livelihoods through Aquaculture and Aquatic Resources Management. The meeting aimed to review the role of aquaculture development (in freshwater, brackish and marine environments) in poverty alleviation and hunger eradication in Vietnam, to identify strategies for more effective application of aquaculture and aquatic resources management in poverty alleviation and to prepare an action plan to follow on from the meeting. The identified key issues, including: the need to build a poverty-oriented approach to policy involving better understanding of livelihood goals of poor people as a basis for identifying aquaculture interventions: the poor technical<sup>10</sup>

knowledge-base amongst practitioners, weak capacity among institutions at all levels, poor infrastructure and the importance of co-operation among agencies involved in implementing and supporting poverty alleviation through aquaculture.

1. An action plan is to propose to analyse existing information on poverty and aquatic resources in India, to identify key areas where significant numbers of poor people benefit or could benefit from improved aquatic resource management and to better understand their livelihoods to inform the development of the rural community.
2. The key policy issue is to better support poor and vulnerable groups who depend on aquatic resources through the use of the livelihoods perspective. In response to these issues, the strategy is being formulated with the following objectives:
3. Enhancing capacities of poor people in rural areas to improve livelihoods through awareness raising and improved aquatic resources management and aquaculture;
4. Strengthening the capabilities of institutions, and particularly local institutions, to understand and support the objectives of poor people in inland and coastal communities who depend on, or could benefit from, aquaculture and related aquatic resources management; Sharing environmentally sound, low-risk, low-cost aquaculture technologies and aquatic resources management practices; Developing national policy based on lessons and experience from local pilots and through effective information exchange, and improving inter-sectoral collaboration on strategies for addressing poverty.

#### **STATEMENT OF THE PROBLEM**

The magnitude of poverty in both rural and urban areas though on the decline as per the official estimates, the increasing inequalities in India, especially during the post-reform period, has attained more significance and attention of both policy makers and researchers. Many studies have been carried out to measure and verify the veracity of the official claim of declining level of poverty. The set back to the agricultural sector all over India, including Tamil Nadu has pushed this debate on poverty to centre-stage. Thus, it has become all the more important and urgent to

discuss and analyse the ways and measures of alleviating poverty. In a huge a country like India, it is next to impossible to alleviate poverty only by the government's initiatives. It needs the complementary efforts of SHGs also in this activity for a speedy and effective implementation. In this sense, the role of SHGs becomes quite important in poverty alleviation, as they provide direct loans to the needy people through the SHGs. This study, thus aimed to study the role played by a SHG in poverty alleviation in Villupuram district.

### **OBJECTIVES OF THE STUDY**

The following are the objectives of the study:

1. To analyse the social and economic characteristics of the SHG members in Villupuram district.
2. To trace the improvements in the socio and economic traits of SHG members in the sample villages.
3. To estimate the impact on the income levels of SHG members through the loan facilities.

### **HYPOTHESES OF THE STUDY**

The following are the hypotheses of this study:

1. Compared to their pre-loan income levels, the post-loan income levels of the sample respondents have gone up.
2. The post-loan income level of the sample respondents is significantly influenced by the loan taken from the SHG.

### **METHODOLOGY OF THE STUDY**

This study is based on primary data, for which the data have been collected from the SHGs functioning in the Villupuram district. A total sample of 75 female respondents has been selected from the study area. From these 75 members information regarding their personal, financial, social and household activities has been gathered with the help of a standard questionnaire. These data have been analysed with the help of ratio analysis and other appropriate statistical tests to test the veracity of the hypotheses.

## CONCLUSION

The analysis made in this study with the help of primary data has brought out many salient features about the changes in the social and economic aspects of the sample respondents who are the members in SHG. It is clear that the SHG plays a pivotal role in enhancing the both social and economic lives of the members, bring them more respect both domestically and socially. The sample respondents who were either unemployed or engaged in petty activities during their pre-member period, have become very active by becoming full employed in varied activities and thereby earning more. This has been proved even scientifically with the help of statistical analysis. Hence, it can be concluded that the self help groups contribute substantially in pushing the conditions of the female population up and trough that chip in poverty eradication as well.

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